

The Marketing Journal for High-Tech Product Managers • A Pragmatic Marketing® Publication

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Volume 2 Issue 1 Jan/Feb 2004

Monitoring Metrics Puts  
You in the Driver's Seat

**Annual  
Product  
Management  
Salary Survey  
Results**  
**2003**

High-Impact Product Management:  
*Creating and Measuring Product  
Management Success*

Integrating Users into  
Product Development

Technical Sales  
vs. Marketing



# Who's gonna be the Product Manager?



I am frequently asked which Pragmatic Marketing® seminar would be most appropriate for a given group of people in a large high-tech company. They often identify two groups of

product marketing people within their organization.

The first set is comprised of what is usually titled as product managers. It is not unusual to find that the function they are performing is to coordinate with Development in arranging projects, prioritizing bug and enhancement requests and just being the resident product expert. They work closely with Development and rarely, if ever, visit customers, evaluators, or potential prospects.

The second collection of marketers encompasses communications people who creatively take the message to the market. Generally, in high-tech, we refer to this department as Marketing Communications, or Marcom.

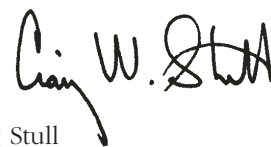
Recently, a company organized in this fashion asked me which training was most appropriate for the second group—the Marcom people. They assumed that our Effective Marketing Programs seminar was the perfect fit, but wanted my advice. After listening to how they were organized, I said I only had one question, “Who’s gonna be the product manager?” Puzzled, they said, “Well that’s simple, the people in Development with the title of product manager.”

I explained that just because they have the title of product manager, doesn’t mean they are doing the job of a product manager. The effective implementation of this role includes lots of time outside the office, bringing in unresolved problems from both people who own your product as well as the ones who have yet to buy it.

This information is critical to the direction of the product, and becomes the basis for the positioning, ultimately driving the message that Marcom communicates. I broke the bad news to them that their “product managers” weren’t accomplishing the job of product management.

The good news is that it really doesn’t matter who does the job of product management. Someone needs to know the market and its problems. Is this Product Management? Is it Marcom? Is it someone else? It would be nice if the titles aligned, but it isn’t mandatory. Almost anyone can do the job if they have a fundamental understanding of *capabilities* of the product and have the time.

So, if you want your Marcom people to assume the role of product management, and they meet my criteria for the job (market and product knowledge, and the time), then that works for me. The next undertaking is to explain to the Marcom staff why they should attend *both* Practical Product Management™ and Effective Marketing Programs™. The first seminar shows how to understand the market and their problems; the second is about how to take the product to market. Occasionally, there is some push-back when Marcom people are asked to attend product management training. Once they understand that they are taking on a critical, unfulfilled role within the company, they embrace the idea.

A handwritten signature in black ink that reads "Craig W. Stull".

Craig Stull  
President and CEO  
Pragmatic Marketing, Inc.

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The effective implementation of this role includes lots of time outside the office, bringing in unresolved problems from both people who own your product as well as the ones who have yet to buy it.

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**About Pragmatic Marketing, Inc.**

Based in Scottsdale, Arizona, Pragmatic Marketing, Inc. was formed in 1993 to provide product marketing training and consulting to high-tech firms by focusing on strategic, market-driven techniques. Pragmatic's training courses emphasize business-oriented definition of market problems, resulting in reduced risk and faster product delivery and adoption. Since its inception, Pragmatic Marketing has successfully graduated over 24,000 product managers and marketing professionals, and was named one of the Inc 500 fastest-growing companies of 2000. For more information about Pragmatic Marketing and its courses, please visit [www.PragmaticMarketing.com](http://www.PragmaticMarketing.com) or call 480-515-1411.

# Inside this issue:

## Special Features

Volume 2 Issue 1

- 3** **Monitoring Metrics Puts You in the Driver's Seat**  
Learn to focus on key performance indicators to find what is on track and what needs to be changed before it is too late.
- 7** **Annual Product Management Roles & Salary Survey 2003**  
The results are in and show that salaries are up. Read more about statistics and comments from 2003.
- 11** **High-Impact Product Management: Creating and Measuring Product Management Success**  
A discussion about how to measure the impact of product management, the need to be proactive, and key elements and considerations for successful product management programs.
- 17** **Debugging the User Code: Part II Integrating Users into Product Development**  
This conclusion of a two-part series explores the impact and process of incorporating users into product design/development.
- 25** **Technical Sales vs. Marketing**  
Identify the differentiators between marketing and technical sales to sweeten the message to your customers.



## In This Issue

- 1** **Who's gonna be the Product Manager?**
- 15** **The Pragmatic Marketing® Framework**  
In this issue, we examine the activities that can make or break a product launch.
- Launch Plan
  - Market Messages
  - Lead Generation
- 20** **Ask the Expert**
- 27** **Book Reviews**  
Reviews of two must-have books for a product manager's library.
- 28** **Case Study**  
Kinderstreet – Start-up Software Company Learns to Listen, Listens to Learn
- 31** **Calendar of Upcoming Pragmatic Marketing Seminars**







# Monitoring Metrics Puts You in the Driver's Seat

By Barbara Nelson

Edward Deming, the quality guru, says, "You cannot manage what you do not measure." Mature businesses rely on metrics to gauge product performance in the market, as well as monitor the cost of building the product.

Product managers in technology companies typically don't spend enough time analyzing product metrics. The numbers are sometimes hard to obtain and the volume of tactical activities they are faced with is overwhelming. When they do manage to carve out the time to figure out what's next, they don't know where to begin. As companies downsize to bring expenses under control, more work piles up on the already overworked product managers who remain. And yet, executives expect product managers to run their products like a business.

In the fast-paced world of technology, product managers need to balance time-to-market pressures with risk mitigation. Market analysis, which takes time to do, is simply done to mitigate risk—risk that you're building something no one wants; risk that you can't deliver something to the market profitably.

In mathematical terms, there are infinite things to measure and analyze. But, in the world of practical product management, we can't measure everything. We need to focus on a few key performance indicators (KPI's) that give us feedback that we are on track or indication that we need to make changes before it is too late. The question is, "What should I measure and analyze?"

Think about your car. It has gauges and dials and displays. They provide measurements or metrics. But which gauges do you actually need to understand and monitor? For the novice driver, the speedometer is the first gauge you learn about.

How fast are you going? You compare that to the speed limit. As you drive, you monitor your speed and either accelerate or decelerate based on external conditions. Another gauge a novice must understand is the gas gauge. How far can you travel before you run out of gas? You learn to plan a trip to the gas station to fill up the tank before it is empty. The odometer tells you how far you are traveling.

As you become more proficient, you start paying attention to other metrics such as oil level and tire pressure. A car buff or professional race car driver cares about oil pressure and revolutions per minute (RPM). When you take your car in for routine service, your mechanic will check the alignment, the timing, fluid levels, and will probably perform a 20-point computer-based analysis of other "systems" in your car. But normal drivers don't need to know about these when driving around town.

Just as we need gauges and metrics for operating a car, we need similar metrics to run a product. This article highlights ten product metrics that product managers should monitor. Some gauges are harder to find or see than others, but all provide insight into either how well the product is performing in the market or what impact the product has on the organization. The focus of this article is on business-to-business technology products sold primarily through direct sales channels but can be applied to any technology product.

For any metric, you should first establish a baseline measurement. Then, keep track by period (weekly, monthly, quarterly, or annually) and observe the trends. Establish goals and measure how you are doing. If you are not meeting the goal, find out why.

And remember, the answer to the question is probably not in the building. Leave the building and interview customers and potential customers to find out what is going on. Once you have figured out what is going on, you will need a plan or a program to improve or change the situation.

The first one you should look at is the customer gauge.

## New/lost customers

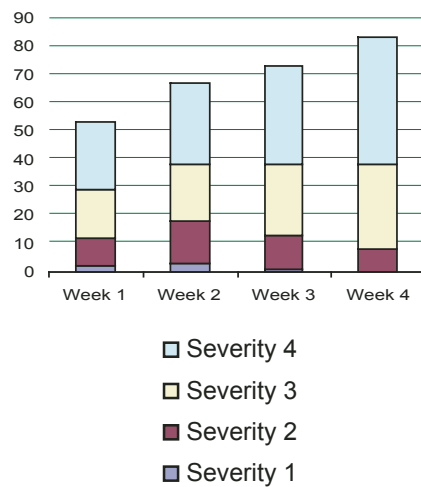
How many new customers are you acquiring per month? How many customers have canceled maintenance or subscriptions per month?

These metrics tell you whether your customer base is growing or shrinking. You need both of these numbers. You might have high customer retention (few customers ever leave you), but if you are not also acquiring new customers, eventually you might not have enough business to sustain the company. Customer count is the speedometer of a product. Falling customer numbers indicate that the product will fail. This information should be easily attained from Sales, Customer Service/Technical Support, or Accounting. A more advanced customer metric is to calculate the lifetime value of a customer. How much profit does each customer generate? Go to Accounting for this. It is an important metric, but more like the computer-generated analysis your mechanic does.

## Product quality

Product quality should be monitored on an ongoing basis to make sure it doesn't become a serious problem. Set up a spreadsheet with either weekly or monthly statistics of the number of defects. A stacked bar chart can show trends over time.

For released products, Technical Support typically keeps track of open defects. As soon as a product is released, it is common for the number of defects to



go up as more people use the product. If the quality is high, it should be a manageable number and should settle down after awhile. For unreleased products, ask Quality Assurance for the statistics. If the number of open defects is not going down as the release date approaches, the release date is likely to slip. Obviously we want the Sev 1 and Sev 2 defects approaching zero as the release date approaches. (Releasing a product with poor quality will cost you money, time, and reputation—don't even go there!) Severity four "defects" are typically enhancement requests and are often ignored in terms of product quality. Yet they indicate areas where the product fails to satisfy the customer. Product quality is the best indicator of internal health of the product; quality is the gas gauge of the product.

## Technical support

Technical (or Customer) Support already measures the number of calls per product and the nature of the calls. Product Management should analyze these numbers to identify areas of that product that can be improved for a better customer experience. Are there problems with installation of the product? Is the documentation too hard to understand? Is the product too hard to use? By streamlining a process, will you cut down the number of technical calls? To uncover hidden profit leaks, review the number and type of calls for your product.

## Product life cycle

Although product managers usually have no control over the product development process, you should be tracking what is going on. How long does it take from the time you define requirements until you have a finished product in the market? Is the cycle predictable? Keep track of the percentage of original approved requirements that get delivered in the final product. How many "out of scope" requirements were included? Do your developers have a clear idea of what problem to solve and for whom? The problem may be poor requirements definition, which you can control, or it may be scope creep which you need to communicate to your management. Report the facts and let management manage.

## Sales support

How many non-sales people does it take to support the sales cycle? Every six months or so, do a poll of product managers, developers, and executives to find out how many hours per week they spend in direct sales efforts. This would include demo support, conference calls with prospective customers, on-site presentations, needs assessment, and other sales calls. Early in a company's life, this number is typically high. People wear many hats and everyone seems to support Sales.

In order to grow the company, roles need to become more specialized, and you undoubtedly need sales engineers. Sales engineers (as part of the sales organization) are factored into the cost of the sale. Hopefully, the price point of your solution warrants the cost. (If not, you won't make it up in volume!)

Consider how to make the product easier to sell by creating sales tools that limit the amount of time non-sales people have to support Sales. When non-sales people participate heavily in the sales process, they are not doing





## Monitoring Metrics Puts You in the Driver's Seat

Metric	What to track	When to track it	Where to get it	What to look for
1. New customers 2. Lost customers	<ul style="list-style-type: none"> <li>Plot trends of new and lost customers over multiple periods</li> <li>Calculate customer retention % (divide the number of customers this period by the number of customers in prior period)</li> </ul>	Monthly or quarterly	Finance or CRM system	A drop in the customer retention percentage is an indication that something is wrong. Do win/loss analysis to figure out why you are not acquiring enough new customers. Interview lost customers to find out why they are leaving.
3. Product quality	<ul style="list-style-type: none"> <li>Stacked bar chart for severity 1 – 3 defects</li> <li>Trend graph of total defects</li> </ul>	Released product: weekly Unreleased product: daily	<ul style="list-style-type: none"> <li>Tech Support</li> <li>Quality Assurance</li> </ul>	Released product: is quality an issue? Unreleased product: will we ship on time?
4. Technical support	<ul style="list-style-type: none"> <li>Number of calls per product</li> <li>By category (defect, procedure, ease of use, missing features)</li> </ul>	Monthly	Technical Support	<ul style="list-style-type: none"> <li>What changes to the product will reduce # of calls?</li> <li>Can we improve profitability by addressing areas with high call volume?</li> </ul>
5. Product life cycle	<ul style="list-style-type: none"> <li>Time from requirements to finished product</li> <li>% of original requirements</li> <li># of "out of scope" requirements</li> </ul>	After every release cycle	Release team or track it yourself	<ul style="list-style-type: none"> <li>Use facts to instill change</li> <li>Is the development cycle longer than the sales cycle?</li> <li>What are the causes?</li> <li>Work with development manager to improve the process</li> </ul>
6. Sales support	How many non-sales resources are supporting the channel: # of resources time hours/week	Every six months	<ul style="list-style-type: none"> <li>Survey Product Management</li> <li>Development</li> <li>Executives</li> </ul>	<ul style="list-style-type: none"> <li>Look for more efficient ways to utilize non-sales personnel</li> <li>Is the product too hard for the channel to sell?</li> <li>Do we need more sales engineers? Sales tools?</li> </ul>
7. Product revenue	Bar chart of actual versus planned revenue by: <ul style="list-style-type: none"> <li>channel</li> <li>region</li> <li>market segment</li> </ul>	Monthly	Sales Management	When forecasts aren't met: <ul style="list-style-type: none"> <li>How was the forecast developed?</li> <li>Overly optimistic?</li> <li>Channel not trained?</li> <li>Product/market fit?</li> <li>Address areas to improve</li> <li>Improve future forecasting</li> </ul>
8. Product profit	<ul style="list-style-type: none"> <li>Revenue &amp; expense by product</li> <li>Net profit or contribution</li> </ul>	At least annually	Finance (if tracked), or estimate	<ul style="list-style-type: none"> <li>To manage the product as a business</li> <li>To justify investment</li> <li>If the product isn't profitable, can you justify it (loss leaders)?</li> <li>Are there other profit models you can use?</li> </ul>
9. Market share	<ul style="list-style-type: none"> <li>Graph trends over multiple years</li> <li>Market share by key players (3 – 5) in your segment</li> </ul>	Annually	<ul style="list-style-type: none"> <li>Industry analysts</li> <li>Trade associations</li> <li>Publications</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Look for changes from year to year</li> <li>Is the market shrinking or growing?</li> <li>Is your share shrinking or growing?</li> <li>Are there new competitors?</li> </ul>
10. Marketing programs	<ul style="list-style-type: none"> <li>Lead quality (leads to close ratio)</li> <li>Return on Investment (ROI) for marketing programs</li> <li>Cost per lead closed</li> </ul>	Quarterly	Marketing Communications	<ul style="list-style-type: none"> <li>Identify areas for improvement that Product Management can impact</li> <li>Are we targeting the right segments?</li> <li>Do we have the right messages?</li> <li>Do we know the buyers?</li> <li>Do we have a compelling solution?</li> </ul>

their day job. And the cost is rarely attributed to the sales activity; another hidden profit leak.

Now it's time to look at revenue and profit. Ultimately, we want to build and sell products *profitably*.

## Product revenue/profit

Congratulations if you are already tracking both of these by product. If not, how do you know which products are worth investing in and which should be retired?

Sales should be able to tell you how much revenue is generated per product. In order to calculate profit, you need to subtract costs from revenue. The tricky part is getting the costs. Unless each discrete product (not product family) has a profit and loss statement tracked in Accounting, product managers don't have access to the actual costs, even if they have access to product revenue. Finance may already have this number.

Here's a simple way to calculate costs: multiply the number of full time equivalents (FTE's) times \$100,000 for an annual cost. If resources work on multiple products, estimate how much time is spent on your product to determine the FTE's. Include development, quality assurance, release control, technical support, sales, product management, and marketing. (You can use a flat percentage across all products for general and administrative costs. Ask Accounting for the number.)

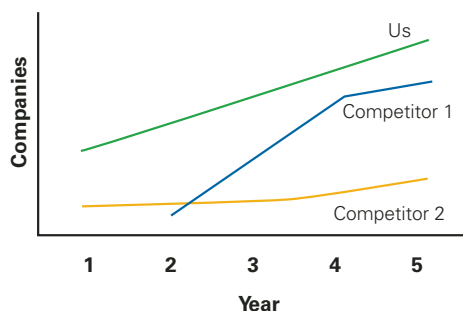
The last two metrics are not easy to get and yet management expects product managers to know them.

## Market share

Everyone wants to know what market share you have. By tracking this metric over time (year over year), you can discover whether the market is saturated or ripe for expansion. If the market is growing and yet your market share is shrinking, it indicates that another competitor is growing at a rate faster than you are.

But...getting this metric is extremely difficult. Conducting your own survey to find this information is usually cost prohibitive. Research analysts typically have market share information by vendor (you will pay for it). However, you should question their research methods. Where did they get their numbers? What assumptions were made? Our experience is that all vendors "stretch" their sales numbers and the analysts make corrections based on their own market research.

Other sources for market share estimates are technical publications and trade associations in vertical markets. They often survey their readers and members to find out who is using what products.



## Marketing programs

Ineffective marketing programs might be another profit leak. Marketing Communications must demonstrate a return on investment for marketing programs. Theoretically, this is good and makes a lot of sense. Practically, it is hard to do and not many companies do it very well (if at all). In order to do this well, you need a closed-loop lead tracking system that allows you to track activity from the marketing program that generated the lead all the way through to a closed deal. Are the right market segments being targeted? Do the positioning and market messages resonate with the buyers? Do you have a compelling solution? Product Management typically doesn't own this, but should report the metrics (obtained from Marketing).

## What to do with the numbers

Start looking at your product gauges. You won't be able to collect all of the metrics at once, but determine the key performance indicators you need to start tracking. Report the baseline, begin tracking on a periodic basis, graph the trends, and drill down to find out what is going on.

Start with the metrics for customers and product quality. These are the speedometer and gas gauges of the product. When customer count and product quality are dropping, so is the product speed in the market.

Calculate the profitability of your product. If you have a loss leader, can you justify further investments? Do win/loss analysis to find out whether your product is driving business, even though it isn't profitable. If it should be retired, show some leadership and present the facts about why it should be retired and how you would redeploy the resources in a more profitable way.

To run your product like a business, act as the CEO of your product. Report the metrics at least annually, and use facts rather than opinions to help you make decisions. Publish the facts of your results to your product teams and senior management.

And don't forget to look up from the dashboard once in awhile to see where you're going.

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*Barbara Nelson is an instructor for Pragmatic Marketing. She has 21 years in the software industry, including vice president of product marketing for a leading provider of business and accounting applications for the middle market. Before her decade of product marketing experience, she worked closely with customers in several capacities, which taught her the importance of listening to the customer and solving critical business issues.*



# Annual Product Management Roles & Salary Survey

By Steve Johnson

## 2003

Each year Pragmatic Marketing® conducts a survey of product managers, marketing managers, and other marketing professionals.

Our objective is to provide Pragmatic Marketing clients with industry information about compensation as well as the most common responsibilities for product managers and other marketing professionals. The survey was mailed to 5,000 marketing professionals with 560 responses. The survey was conducted during the period of November 25-30, 2003, using WebSurveyor.

### Profile of a product manager

- The average product manager is 36 years old
- 84% claim to be “somewhat” or “very” technical
- 94% have completed college, 56% have some MBA classes
- 47% have completed a masters program
- 30% are female, 70% are male
- The typical product manager has responsibility for three products

### Organization

The typical product manager reports to a director in the Marketing department.

- 43% report to a director
- 33% report to a VP
- 27% report directly to the CEO
- 23% are in the Marketing department
- 15% are in Development or Engineering
- 10% are in the Product Management department
- 10% are in a Sales department

### Impacts on productivity

- Product managers receive 65 emails a day and send about 33.
- Product managers spend roughly two days a week in internal meetings (14 meetings/week).
- But 30% are going to 15 meetings or more each week and 25% attend 19 or more meetings!

### Working with requirements

The majority of product managers are researching market needs, writing requirements, and monitoring development projects.

- 72% researching market needs
- 55% preparing business case
- 24% performing win/loss analysis
- 85% monitoring development projects
- 79% writing requirements
- 50% writing specifications

### Working with Marcom and Sales

Product managers also spend time providing technical content for Marcom and Sales.

- 49% writing promotional copy
- 38% proofing promotional communications
- 38% talking to press and analysts
- 53% training sales people
- 35% going on sales calls





## Compensation

Average product management compensation is \$91,650 (US) salary plus \$11,363 (US) annual bonus (as in 2002, 78% of product managers get a bonus).

Bonuses are based on:

- 57% company profit
- 30% product revenue
- 42% quarterly objectives (MBOs)

Almost 40% say the bonus does not motivate at all and only 10% say the bonus motivates a lot.

## What should the company know about the role of product management?

- PM role is more strategic than tactical.
- I don't have time to do all that I can contribute strategically.
- We tend to be understaffed.
- Product Management is not sales support.
- I need to visit the market to be a good product manager.

## Product management ratios within the company

How are product managers allocated relative to other departments? For each product manager, we find:

- 2.7 products
- 0.7 product lines
- 1.0 services
- 13.3 developers
- 1.7 Development leads
- 1.7 sales engineers/pre-sales support
- 5.0 Sales people

For companies with both product managers and product marketing managers, the average is 3.82 product managers and 2.63 product marketing managers for 13.84 products.

## Product management technology environment

Product managers use a fairly standard computing setup, usually a laptop running Microsoft® Office XP, with these operating system characteristics:

- Windows® 2000 Professional (50%) or Windows® XP (25%)
- Internet Explorer 6.x (94%)
- 1024 x 768 screen resolution (65%) or better
- 16-bit color or better (98%); 32-bit color (50%)
- Java™ with cookies enabled (95%)
- Plugins installed:
  - Shockwave Flash (95%)
  - Adobe® Acrobat® [PDF] (70%)
  - RealPlayer (50%)
  - QuickTime (20%)

## Compensation for 2002

Results from last year's survey showed a product manager's average salary was \$88,496 plus \$8,092 annual bonus.

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## Regional impact on compensation

Compensation (in US\$)	Female			Male			Overall		
	Salary	Bonus	Total	Salary	Bonus	Total	Salary	Bonus	Total
Midatlantic	\$85,154	\$10,900	\$96,054	\$92,278	\$10,286	\$102,563	\$89,290	\$10,542	\$99,832
Midwest	75,941	6,818	82,759	82,404	11,649	94,053	80,688	10,542	91,229
Northeast	87,600	15,625	103,225	99,070	12,194	111,264	94,853	13,250	108,103
Pacific Northwest	86,667	4,000	90,667	87,563	7,333	94,896	87,421	6,857	94,278
South	83,100	12,000	95,100	89,647	11,174	100,821	88,159	11,367	99,526
Southwest	93,250	9,200	102,450	83,333	11,250	94,583	86,783	10,647	97,430
West Coast	90,452	6,421	96,873	106,571	14,537	121,108	101,255	11,967	113,222
US Average	\$86,252	\$9,914	\$96,167	\$94,097	\$11,943	\$106,040	\$91,650	\$11,363	\$103,013
Canada (in US\$)	77,556	3,500	81,056	74,750	12,500	87,250	75,432	11,115	86,548
Canada (in CN\$)	102,916	4,645	107,561	99,193	16,588	115,781	100,099	14,750	114,849

# High-Tech Product Marketing Training

**Learn what  
every product  
manager  
needs to  
know**

## Build market-driven products by listening to the market

The Practical Product Management course fully explores the role of technical product management, providing tools and a framework to help get products to market more efficiently. This comprehensive course offers real-world product management techniques—using software and hardware case studies from enterprise-level to desktop products and services.

Product marketing activities are analyzed in detail with tips for how to be effective at the strategic elements and how to manage multiple tactical activities. This seminar is a challenging program that emphasizes strategic product marketing and market-driven management. Every concept is designed to be actionable as soon as you return to the office.

The third day of the course drills down into the often-difficult process of articulating product requirements. Using concepts from the prior two days, students learn a straightforward method for creating product plans that product managers can write, developers readily embrace, and that result in solutions that the market wants to buy.

## Course designed for:

Product managers or marketing managers and directors; marcom specialists and product developers. You should attend if you manage or contribute to aspects of product marketing and management.



# Practical Product Management™

## Days 1 – 2

### I. Strategic Role of Product Management

- What is marketing?
- Definition of the role of product management
- Contrasting product management and product marketing
- Assigning ownership of responsibilities
- Identifying the “first steps” with gap analysis

### II. Market Analysis

- Distinctive competence
- Market research
- Market problems
- Technology assessment
- Competitive analysis

### III. Quantitative Analysis

- Market sizing
- Product performance
- Operational metrics
- Win/loss analysis

### IV. Product Strategy

- Business case
- Pricing
- Buy, build, or partner?
- Thought leaders
- Innovation

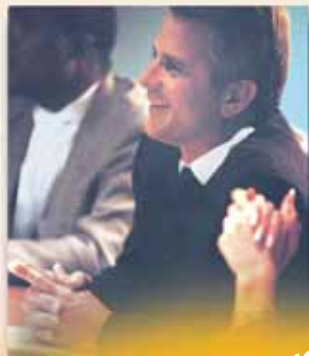
### V. Product Planning

- Positioning
- Sales process

### VI. Case Study

### VII. Delineating Responsibilities

- Communicating market facts to Development, Marcom, and Sales
- Drawing the line between Product Management and the other departments



**Still not sure  
Practical Product  
Management  
is for you?**  
**Attend a FREE 1/2-day session.**  
**See back cover for details.**

## Day 3 **Requirements That Work™**

(for those who write requirements)

### VIII. Building the Market Requirements Document (MRD)

- Writing requirements
- Implementing use-case scenarios
- Programming for the “persona”
- Determining product feature sets
- Creating the MRD

### IX. Analyzing Business and Technology Drivers

- Reviewing specifications
- Prioritizing the product feature set

### X. Getting (and Keeping) Commitments

- Product contract
- Getting the product team in sync
- Getting executive support
- Communicating the plan in the company and in the market

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# High-Impact Product Management: Creating and Measuring Product Management

There are many different ways companies structure and approach product management. Particularly in firms where a certain product management maturity level hasn't yet been reached, product management professionals can struggle with how to do their job in the most effective way. It doesn't help that sometimes management and other groups don't necessarily understand what product management means, what aspects it must cover, and how it should function within the company. Overlaps and inconsistencies in authority and responsibilities can also create additional hurdles and challenges. For this reason, it is important for product management professionals and newcomers to think about the impact and influence they plan to have in the company's success and how to gain respect within the company. This article is a discussion about how to measure the impact of product management, the need to be proactive, and key elements and considerations for successful product management programs.

## The importance of measurable success

High-impact product management is conducting product management with the objective of staying as close as possible to the business reasons and

objectives for product management as a professional discipline. These objectives relate to clearly measurable results (see Primary Measurements in Table 1-1). More so than "soft" MBO-type goals (see Secondary Measurements in Table 1-1) business results-oriented goals will always receive higher consideration by senior management for measuring the ultimate success of product management. Product Management goals such as planning documents, analysis projects, and meeting delivery dates are also vital and should not be underestimated, but they can be less important as true measurements of success. On their own, these goals say little about the ultimate success of product management.

Product Management should frequently be asking if what it does instrumentally impacts the business results shown in Table 1-1. If not, it could be time to change or improve the product management approach.

## Product management productivity: reactive vs. proactive product management

Unless you work for, or with, other product management professionals who have already set many of the engagement and process ground rules for "good and effective" product management within the company, chances are that you will be expected

to help take care of the various "crises of the day." If you are not careful, you can quickly inherit some of the biggest reactive challenges of the company. These challenges usually exist due to:

- lack of process and methodology, resulting in bad or wrong expectations (deadlines, estimates, market needs, etc.) and poor product quality and delays
- lack of planning, resulting in shortage of business or market focus, foresight and strategy
- lack of communication (verbal or written), resulting in internal and/or external confusion or frustration, and inability of company staff to properly execute their job duties
- lack of organizational clarity of responsibilities and authority

You'll not likely be able to change these issues overnight or on your own. There is no sense running around on the job like a chicken with the proverbial head cut off and not having fun. Ensure that you first bring your product management piece of the organization under control with your experience, professionalism, and process/methodologies, and that you start discussing with others what you expect from their organizations. You must initiate changing the rules of the game.

## 1-1. Measuring Product Management Effectiveness and Success

### Primary Measurements

Business Results	Factors Contributing to Success	Success Measurements
Increase customer wins	<ul style="list-style-type: none"> <li>• Target market analysis/planning</li> <li>• Target market sales support</li> <li>• Competitive product/solution/pricing</li> <li>• Reference customers</li> </ul>	<ul style="list-style-type: none"> <li>• Number, frequency, and size of wins</li> <li>• Market share</li> <li>• Financial trend analysis</li> </ul>
Increase customer satisfaction and loyalty	<ul style="list-style-type: none"> <li>• Competitive solution</li> <li>• Quality of solution</li> <li>• Quality of support services</li> <li>• Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Customers willing to act as reference</li> <li>• Low customer attrition rate</li> <li>• Trend analysis</li> </ul>
Product and product-line profitability	<ul style="list-style-type: none"> <li>• Pricing</li> <li>• Measured product investments</li> <li>• Sunset unprofitable solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Product P&amp;L</li> <li>• Financial trend analysis</li> </ul>
Cost-effectiveness of the support organization	<ul style="list-style-type: none"> <li>• Effective product support and training materials</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of sales</li> <li>• Cost of goods sold</li> <li>• Financial trend analysis</li> </ul>

### Secondary Measurements

Product Management Activities and Deliverables	Factors Contributing to Success	Success Measurements
Product/market planning and other planning documents	<ul style="list-style-type: none"> <li>• Product planning</li> <li>• Business opportunity analysis</li> <li>• Product marketing requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Availability and quality of materials (Note: it may prove difficult to measure ultimate success of such materials)</li> </ul>
Manage execution towards deadlines being met	<ul style="list-style-type: none"> <li>• Status monitoring</li> <li>• Facilitate inter-team communication</li> <li>• Escalation</li> </ul>	<ul style="list-style-type: none"> <li>• Deadlines being met (Note: it may prove difficult to measure the quality aspects of the deliverables)</li> </ul>
Launch and support-related documents	<ul style="list-style-type: none"> <li>• Sales support materials</li> <li>• Marketing materials</li> <li>• Staff training</li> </ul>	<ul style="list-style-type: none"> <li>• Availability and quality of materials (Note: it may prove difficult to measure ultimate success of such materials)</li> </ul>

## Success *By Werner Wingen*

Reactive product management isn't a good way to continue and isn't in the best interest of your company. The word "management" implies a solid degree of proactive actions and planning to be present at all times.

You can't carry all the company's problems on your shoulders. Not only isn't it fair to yourself, but it isn't fair to everyone else who can and should be expected to step up to the plate and contribute just as much to the company's success as you do.

How much do your actions and the company's collective actions truly maximize the company's progress along the four business results objectives listed in the Table? The answer may be "not enough." You and the company deserve better and must collectively make changes to get back on the right track.

Effective product management is about being proactive and facilitating positive change in the organization: changes in processes, attitudes, responsibilities, cooperation between teams, in how customers/target markets are defined and viewed, in what products and services the company sells (or not!), and more.

No matter how senior your product management position is, you are at least in part responsible for making and facilitating these changes, whether

you have the authority or not. If nothing else, it is your professional product management responsibility! If you don't want to go down that path, you might consider switching to an analyst, customer support, or perhaps a sales support position—they require little of these skills. In 20 years of product management in several firms, I haven't found a company yet which couldn't benefit from a little (or a lot!) of positive change.

### Proactive product management initiatives and activities

You might be only one person fighting the product management battle or perhaps you are part of a larger team. In any case, time and energy must be maximized and focused on the correct set of proactive efforts and initiatives. The priority and emphasis of these initiatives can be different in each





company (based on existing strengths and weaknesses). In my experience, the list will however almost always include the following:

1. **Understand product management roles and responsibilities.** Job descriptions are helpful. Ensure you understand the roles and responsibilities of the people you work with (Development, QA, Marketing, etc.). This will get you at least the correct set of company and management expectations—even if you may not always agree with them. Also refer to the article *Role of Product Management* by Steve Johnson featured in *productmarketing.com*, Volume 1, Issue 2, June 2003.
2. **Understand Goals and MBO's.** Understand your annual personal and group goals and those of the people you work with and for. Chances are that you get paid a bonus for meeting your goals, so it pays to pay attention to this. Your goals likely include standard product management goals such as product revenue and profitability as well as meeting key project/product dates. If the company doesn't do it for you, be sure to establish your own set of proactive product management goals related to key product management initiatives (as listed in Table 1-1).
3. **Understand the elements of Product Management—and who does what in the company.** New product managers may not always have hands-on experience with all aspects of product management, ranging from Market Analysis through Product Planning to Channel Support (also refer to the chart in the article *The Product Management Triad* by Steve Johnson featured in *productmarketing.com*, Volume 1, Issue 2, June 2003.) Your company may expect you to focus only on limited aspects of product

management (for example, Product Definition or Release Management). It is to your advantage to look at the bigger picture! You must understand how many of the product management elements are “under control” and how many are not. You also need to know how many of the non-product management components (R&D, QA, Implementation) are under control. You can, for example, do the world's best product definitions but the product and business situation can get out of control if market analysis hasn't been properly done, if QA lacks, or if the launch is ineffective. Take ownership, even if you don't have the title. Ask tough questions and get involved in issues that might be considered by some as none of your business!

4. **Effective time management.** Don't become a victim of reactive product management! It is easy for Product Management to make a full-time job of doing nothing else but email and attending meetings. Don't respond to every email you get, avoid jumping on email chains. Don't attend every meeting you are invited to. Don't support all Sales calls you are invited to. Don't participate in every crisis meeting. It's not beneficial to the company if you get dragged into everything. Be selective in how you spend your time! Spend more time thinking about your goals and objectives and how they relate to the business objectives. Gravitate to the aspects of the job that require your attention because they matter for the bottom line. Keep in mind that product management greatly benefits from highly-leveraged activities. Good examples are sales guides, demo narratives, training videos, (product lifecycle) process standards and guidelines, defect and enhancement tracking databases, RFP response databases, status and progress reports and so forth. Such activities go a long way!

5. **Effective internal communication.** Product Management's job is to frequently and effectively communicate with virtually all parts of the company: Product Development, QA, Sales, Sales Engineering, Customer Support, Implementation Support, Marketing, and so forth. Always be courteous and professional—don't make enemies—and find out what makes people tick. Share information such as status reports and be sure to ask for the same courtesy in return. Effective product management needs all the allies it can get, all the data it can get, and to know where any potential non-supporters and obstacles might be hidden.
6. **Effective external communication.** Talk frequently to your customers and prospects—find any excuse to do so! You will learn a lot about their expectations, buying reasons and behavior, and perhaps even a bit about your competition. User groups and conferences are terrific places. Tell management you need to attend, even if they tell you that you don't. Talk to your competitors, analysts, reporters, the firm's executives, and to just about anyone who might give you additional insights and perspectives. Also, refer to the article *I Am Customer, Hear Me Roar* by Les Jickling featured in *productmarketing.com*, Volume 1, Issue 2, June 2003.





**7. Effective planning.** This is a key foundation for product management. Just as every company will do its annual budget plan, Product Management must create a product plan at least once a year. Be sure that it specifies your target markets and how the revenue/budget goals relate to new and existing products. Explicitly point out key revenue, expense and profitability dependencies. Explain the competitive standing of your products and indicate how proper positioning and effective marketing activities can help. Product release planning is also critical. Every software product manager should have a current product release roadmap in the top drawer, available at an instant. Other planning activities include market analysis, gap analysis, sales win/loss analysis, and more. Plans should be in place related to all major components of product income and expense and any time a significant product milestone event is at stake.

**8. Effective processes.** Many experienced product management professionals gravitate to the development and/or refinement of new or improved business and product lifecycle processes and will spend a lot of energy focusing on this area. This is great business sense because these processes can be highly-leveraged throughout the company and makes everyone's lives easier and more predictable. For such processes to succeed, they must be

easy and almost intuitive to understand and follow. They must also be fully endorsed/supported by the highest levels of management so that people can't conveniently ignore them.

On a high level, the most important processes for Product Management include:

- creation, distribution and approval of key documents: Business Plan, Product Plan, MRD, Specification, Test Plans, Market Launch Plan
- process for multi-departmental sign-offs, milestone events, and go-aheads
- guidelines for meetings, status reports, and internal/external communication
- standards for tracking key data (contract commitments, enhancements, defects, etc.)
- process for escalation, change management, etc.

**9. Metrics.** Track as many of the success metrics as possible, as defined in Table 1-1. You should really understand how well you are doing because it will help you adjust your approach and make more effective presentations to executive management. Making a case based on money and bottom-line results is always an appealing and effective approach!

**10. Learning.** You are the expert for your markets and for product management activities and methodologies. You can't afford to stop learning. Learning efforts

include vertical market information, product management disciplines and methodologies, and general business planning and business management techniques. Perhaps this is one of the reasons why Product Management never becomes dull and boring for product management professionals. Read books and magazines, go to seminars, trade shows, talk to people.

## High-impact product management is more fun!

Practicing high-impact product management is neither a difficult nor new concept. Put your best product management hat on, pretend (at least to yourself) that you are running the company, and focus on those tasks, actions, and initiatives that are most important and make the biggest difference between success and failure of the products (and the company).

Be sure to draw many of your co-workers into your circle of people who try to make the products and company better. Emphasize pride of ownership and professionalism, lead by good example! Set an example by being proactive and smart in your workday. Occasionally make a point and demonstrate a bit of pity and/or lack of tolerance for those people who don't share your passion for results and seem to just do their nine-to-five job. Product Management, perhaps more than any other group in the company, is critical for the future and the success of the company. You owe it to yourself, your co-workers, your customers, and your shareholders to do the best job you possibly can.

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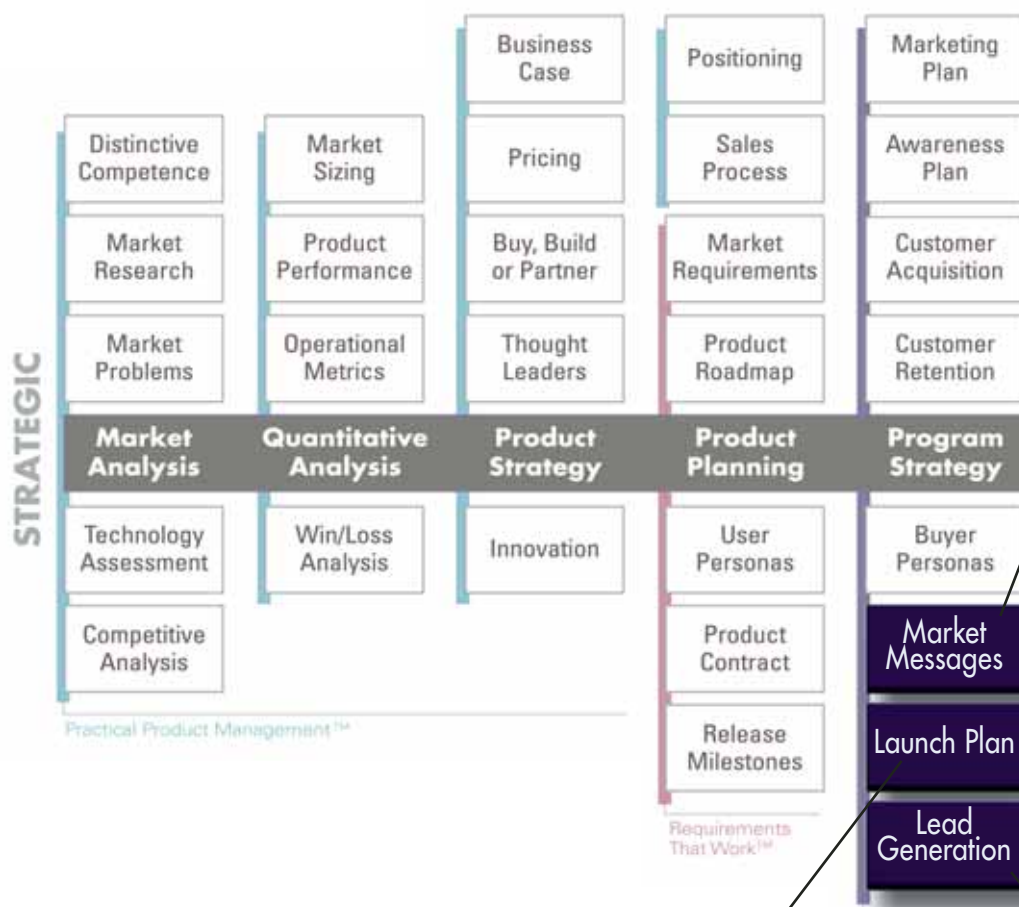


# The Pragmatic Marketing® Framework

Pragmatic Marketing seminars introduce a framework that gives technology marketers the tools to deliver market-driven products that people want to buy. They focus on the practical aspects of juggling daily tactical demands of supporting the sales force with strategic activities necessary to become expert on the market.

## Framework for a Launch

When we created a Program Strategy column for the recently updated Pragmatic Marketing Framework, we added activities that frequently fall into the gap between product management and marcom, causing go-to-market programs to fall short of expectations. We described two of the Program Strategy activities in the last issue of *productmarketing.com*, Marketing Plan and Buyer Personas. In this issue, we examine the activities that can make or break a product launch.



## Launch Plan

Effective launch plans are a roadmap for marketing programs which, like a quality product roadmap, can only be developed by marketers who understand the potential buyers. From this perspective, marketers can objectively evaluate the company's "marketing assets" and develop a plan to selectively deploy the assets that will most effectively engage the target buyer during the launch. Examples of marketing assets include sales channel readiness, product/market maturity, website content, sales tools, customer stories, prospect databases, and historical program results. Marketing assets have the same properties of quality and usefulness as the company's physical assets, and the marketer who knows their buyer well, can

objectively evaluate their usefulness for the launch. The launch's most valuable marketing assets are built during personal meetings with potential buyers, where the marketer gathers answers to questions such as:

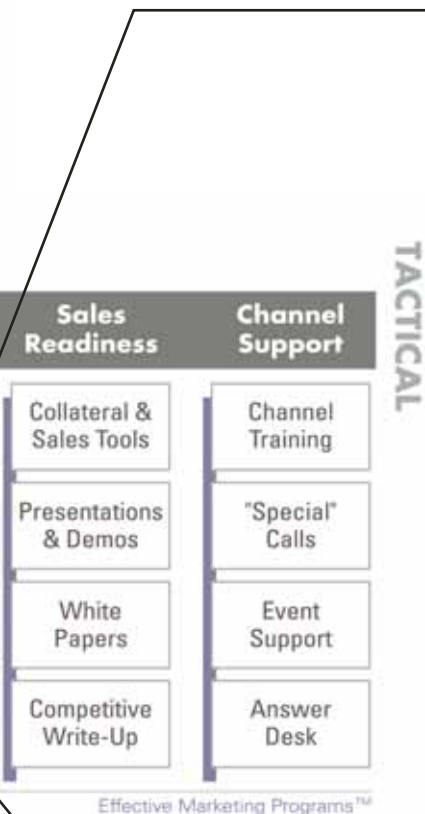
- Where does this solution fit into the target buyer's current business priorities?
- Which type of buyer (i.e. economic, user, or technical) should have the first contact with vendors?
- Where will this buyer look for potential vendors, and what criteria will they use to conduct their evaluation?
- Who are the other decision makers in the buying cycle and what information will they need before they can commit to a solution?

With this insight into the buyer's mindset, plus a focus on the company's launch goals at the level of revenue, positioning awareness, and customer retention, marketers can develop a strategic and tactical launch plan that is both effective and measurable. Note that a successful launch does not end after a week or a month of intensive activity. The launch continues until the market outcomes are achieved, and an effective launch plan includes a sustained marketing effort.

# A market-driven model for managing and marketing technology products

Watch for future issues of *productmarketing.com* as we continue to highlight and further explore the framework.

## Market Messages



The Positioning activity (in column four of the Framework) is only the first step in creating market messages. While positioning summarizes the market problem and the product's value proposition, market messages are the very few words that the launch programs will use to capture the buyers' attention and move them into the sales process. Messages must be developed for each type of buyer who will be targeted by the launch programs and sales tools (see explanation of *Buyer Personas*, Issue 1, Volume 4 of *productmarketing.com*).

Many companies try to “reverse engineer” their market messages, building a long list of all the problems the product could possibly solve. Later, when brief

messages are needed for launch programs, creative teams debate the value of different messages, and every program has something different to say.

In contrast, marketers who interview potential buyers are surprised at how easy it is to build market messages. Potential buyers have told them which problems are most urgent, and which aspect of a vendor's solution will get their attention. Marcom teams can consistently apply the message to all programs targeted to that type of buyer. The buyer sees the same message repeatedly presented in words they find meaningful, improving recall and program response rates.

## Lead Generation

A 2001 study by Harvard Business School reported that 80% of all leads generated by marketing are never contacted by Sales. Our experience shows even poorer results for high-tech companies launching a new product through an existing sales force.

Marketing must develop a strategy to overcome the two primary causes of poor lead follow-up. First, Marketing needs programs to follow through on any prospect inquiries that are not reasonably expected to close within a near-term sales period. Second, and equally important, marketing must take steps to overcome the channel's resistance to selling products that differ from current solutions on any of the following dimensions:

- The sale involves a new type economic, technical or user buyer
- The sales process should require far fewer steps over a shorter time period, or is more complex and requires a longer, more complex sale.
- The technology is unfamiliar.
- The market is much more or less mature.
- The price point is much higher, or much lower, than current products or services.

Problems with lead follow-through aren't easy to resolve, but the launch will fail to produce revenue, and may create a negative reaction to the new product, if the handoff from Marketing to Sales is inconsistent. Marketing teams need to ensure that their internal launch

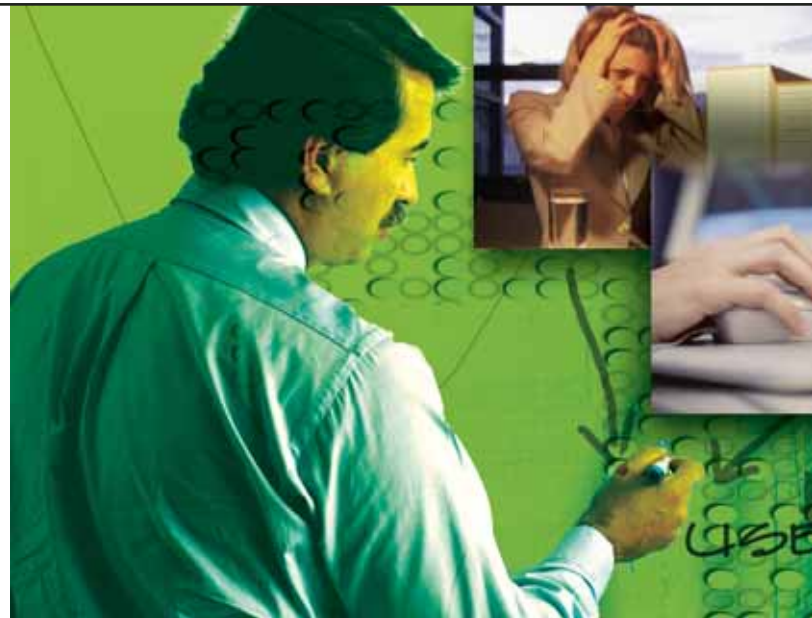
includes an adequate commitment to “selling” the product to the Sales team and training them to work in any new environment. Depending on the sales culture, Marketing should retain leads that don't meet the most stringent qualification criteria, adding these names to a list for ongoing Marketing programs. If management insists that Sales should get all leads, Marketing will need to monitor and recover those that are not contacted within a certain time period. Every demographically qualified response is a valuable marketing asset that will continue to return dividends with appropriate marketing investments.



By Steve August

## Integrating Users into Product Development

*This two-part series explores the impact and process of incorporating users into the product design/development process. In the first article of this series, we examined the business case for user-oriented product development. In Part II, we examine what user testing looks like during the different stages of development, and then offer advice and resources helpful to implementing user-oriented design/development, including information about cost and budgeting.*



A new product rises from the creative imagination and technical expertise of a person or a team. The product may arise from an observed need, a new technology, or a new application of an existing technology. Many times it will be created in some sort of isolation—perhaps in the fabled garage or maybe in a team that has been given the independence to create something new.

More often than not, the product's intended users are conspicuously absent in the creation process. While leaving the user perspective out of the initial design process can allow for unfettered creativity, it can lead to disaster when it comes time to create a business around the product. From the earliest possible moment, it is necessary to understand if the product's intended users actually find the product useful enough to spend money on it.

This article will examine how and when to bring the user into the product development process. It will first discuss the kinds of information user testing needs to obtain and at what point user testing needs to be integrated into the development process. Finally, the article will examine what user testing looks like during different phases of product development.

### Useful and usable

*"In the end, products and software that were faithful to meeting the needs of those that would use it will be useful. And in order to be useful, they will have to be usable so as not to impede their usefulness."*

*J.O. Wobbrock  
Usable vs Useful*

When talking about user testing or user experience, the most common assumption is that the product will be tested to make it more usable for its intended users. However, user testing also seeks to answer another important question, namely whether a product is actually useful to its intended market.

A product's usefulness determines its value to customers. A product's usability determines how easily customers can utilize the value of the product.

It is possible to create an eminently usable product that fails because it is of little use to its users, and conversely it is possible to create a very useful product that doesn't succeed because it is too

hard to use. To succeed, user testing must test both the useful and the usable. Depending on the phase of development, the focus of user testing changes between useful and usable.

### Building users into the process

*"Seeking customer input and feedback is a vital and ongoing activity throughout development, both to ensure that the product is right and also to speed development towards a correctly defined target."*

*Robert G. Cooper  
Winning at New Products, Second Edition*

Another important point is that building products around the user experience means that user testing must be built in as part of the product development process. In other words, it needs to consist of more than one or two quick hits of internal or external usability testing. User-oriented development means that testing with users needs to be as much a part of the process as debugging code is in software development. Doing smaller, quicker



and somewhat less formal testing consistently at all key points of the process will pay much greater dividends than a bigger, more formal one time effort.

The main benefit of properly integrating user testing into development is that it provides the project team with consistent feedback on whether the product is hitting the target. This allows the team to avoid unnecessary rework, and deliver the right product on time and on budget.

The product development process has been divided into many different phases and stages by many different authors. However, for the sake of this article, I am going to divide the process into three main phases: Concept, Development and Release/lifecycle. The Concept phase contains the genesis of the product, when the idea for the product begins to take its initial shape. Development is the process of taking the initial concept from the whiteboard and building it out so that it is ready for release. Release and lifecycle pertains to the product's release to market and subsequent revisions and releases. The more the user experience is considered in each of these phases, the better chance the product will achieve success.

## Concept Divining user needs and wants

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"Whenever you gather requirements, the challenge is to gather the real requirements. Sometimes discovering the real requirements calls for digging beyond the surface requirements."

*Steve McConnell,  
Rapid Development*

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During the concept phase, it is crucial that a product's usefulness be tested and understood. Without a fundamental understanding of the value of a product for its intended users, product development is built on assumptions that amount to educated guesses, at best. Very rarely do the assumptions of product developers match the actual needs of the intended users, and without a strong grasp of those needs the best efforts of the Development team will most likely be spent on a product that users will not embrace.

So, how do you find out if something is useful to people? The most obvious and direct way is simply to ask them, and certainly this is an important first step in understanding user needs. There are several techniques to directly gather requirements from users: conducting focus groups, conducting surveys, and, of course, directly interviewing individuals.

Talking with people in order to understand their work and business problems can elicit good information, but it can also generate a puzzling list of requirements that can sometimes be contradictory and misleading. This is due to the fact that, by and large, people are consumed with their day-to-day tasks and cannot often verbalize or imagine a solution that would truly make their lives easier.

The most powerful technique for understanding user needs and desires is carefully observing them in their environment and participating in their world. This kind of user research is called ethnography, and it is especially adept at providing context and clarity to user requirements. By understanding business tasks from the user point of view, and looking for patterns and opportunities to significantly improve customers' lives, ethnography is very effective in providing developers the necessary information to create useful products.

Many useful and successful products had their genesis in ethnographic techniques: VisiCalc®, the original spreadsheet, WordPerfect®, one of the very first word processors, and the Zip® drive were created by product developers observing people's work practices, and then using their creative and technical expertise to craft innovative solutions.

## Development Keeping users in the loop

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"Maintain regular customer contact to keep yourselves moving forward."

*Hugh Beyer & Karen Holtzblatt  
Contextual Design*

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Taking a concept or initial design from the whiteboard to release is an iterative process—the product evolves over successive rounds of development marked by specific milestones. As each iteration evolves, it is important to keep users in the loop to ensure the product is meeting or surpassing expectations. Successive rounds of testing will ferret out issues and problems as they arise and keep development surprises—which generally lead to expensive rework—to a minimum. User testing during development evolves as the product



moves from concept to release. As development progresses, user testing begins to focus on making the product usable as well as useful.

In the early stages, as the team is assimilating the information from the concept phase testing, a good approach is to conduct user testing with simple paper prototypes that convey the intended functionality and structure of the product. Paper prototypes allow users to impact a design at the most useful time—the early stages of development before the design has been locked down. Testing with paper give both the users and the project team a sense of freedom to change and experiment that is not possible further down the road. Many times major design flaws and decisions can be addressed through initial rounds of testing with paper prototypes.

As development continues and successive iterations of the product become more sophisticated, consistent user testing will uncover performance issues and usability issues as they arise, as well as ensure that the design is providing the intended functionality.

Frequent usability testing with functional prototypes will provide a steady stream of feedback to the project team. This feedback acts as the final arbiter on the many design decisions that need to be made as the product progresses, and serves to keep the project team focused on the target. If all goes well, the end result is a product that customers find both highly useful and extremely usable.

### Release and life cycle

Once a product is released, essentially the process starts all over again. The big difference is that user information will funnel back to the product team through avenues other than direct user

testing. Support calls and logs, feature requests, and information gathered by the sales force provide a great deal of data to work with as the product team begins the task of creating the next release. If this data is properly harnessed, it can provide a road map for the project team developing the next release.

While the user data may have different sources, the process of building the next revision of a product takes the same course as building the first version. The process starts by focusing on user needs and desires, understanding user workflow and obstacles to develop a set of requirements. Again it may be necessary and desirable to spend time observing users with the product to place feature requests in context.

As the release moves through successive iterations from initial design to release, usability testing with increasingly sophisticated prototypes will again allow the project team to ensure that the delivered product will hit the target.

By integrating user-testing into each phase of the product development process, companies can better ensure that they create a product that customers find both useful and usable. In the end, that is the only sure way to deliver a product that people will want and, more importantly, a product that people will buy.

Unfortunately, we don't live in an ideal world. The pressures of time and budget, of getting a product to market as rapidly as possible, as well as other work factors make it challenging to implement user testing in an ideal fashion. What follows is some practical advice on integrating user testing into your product development process.

### Focus on business questions

By its nature, integrating users into the development process forces a team or company to stay focused on the main business question: how do we deliver

a product that people will buy? At each stage of development, user testing provides answers that can guide the team in building a successful product. During the concept and initial design phase, user testing seeks to answer questions about what fundamental user needs the product or technology can fill, what features and functionality customers desire most, and what opportunities exist in the market. As development proceeds, user testing seeks to answer questions regarding how to organize features and develop an interface that mates the product to the users' workflow. After release, user-testing focuses on specific product improvement goals, such as reducing support calls and their attendant cost, as well as keeping pace with technological advances and user needs. Setting goals and keeping an eye on what it means for the business can help prioritize and determine testing needs.

### Budgeting for user testing—how much is enough?

So, how much of a product development budget should be allocated to user testing? The usability gurus at Nielsen Norman Group conducted research to determine if it was possible to determine a rule of thumb regarding how much of a project budget should be devoted to usability testing. They surveyed 863 web and intranet projects that involved systematic usability testing, and found that usability testing costs were between 8% and 13% of the project budget, leading them to suggest 10% of a total product budget as the sweet spot in terms of return on investment. (*Nielsen, J, Alertbox: Return on Investment for Usability, January 7, 2003*)

Of course, every project is different and depending on the kind of product and the scale and scope of the project, user-testing budgets can vary. While

(continued on page 22) ➔



# Ask the Expert

*I am a product manager, but trying to figure out what's next. Is there a career path in product management and what do I do to get there?*

What is the career path for product management? Product managers learn how to run teams and run businesses. Just as the producer of a movie focuses on the business aspects, so does a product manager.

Product management is one of the most common training grounds for senior executives. Many VPs and CEOs were formerly product managers. The joy (and sometimes pain!) of product management is its horizontal nature, working with Sales, Development, Marcom, Finance, Tech Support, Professional Services, Finance, and the senior executives. Product management is where we learn to lead through influence rather than mandate.

So with that objective in mind, what do you need to do to prepare?

The first thing I would do is a self-assessment of your current skills. The Pragmatic Marketing® Framework is a good place to start. Do a gap analysis—for each box, determine how important is it to your career (high, medium, low). Then, assess your skill level (high, medium, low). Where are the gaps? And which of the areas do you really enjoy? Some product managers prefer the technical aspects, some the business of the product, some the sales and marketing efforts.

Second, figure out which part of the framework you are currently in (above the line, such as a line of business director; bottom left as technical product manager, or bottom right as product marketing manager).

Third, figure out where you want to go. If you are a technical product manager, for example, is your next

step line of business director? If you're already a director, have you been acting as president or CEO of your product? The next step might be vice president of product management or general manager of a business unit. A lot of it depends on your experience and in what size companies you have worked.

Fourth, do you have the skills to perform the job that you want? If you have the skills represented by the framework (and are a practicing market-driven product manager), you have the foundation for becoming a market-driven executive.

Last, but not least, create a plan to close your skill gaps between where you are today and where you want to be. Put together a plan of action with a timeline to achieve that goal. Think of yourself as a product. Use the framework to market yourself. Identify your distinctive competence; position yourself; create a marketing plan to find job leads; know your "buyer" persona; and produce collateral to prove your positioning, such as your resume and other artifacts of your career.



*Barbara Nelson is an instructor for Pragmatic Marketing. She has 21 years in the software industry, including vice president of product marketing for a leading provider of business and accounting applications for the middle market. Before her decade of product marketing experience, she worked closely with customers in several capacities, which taught her the importance of listening to the customer and solving critical business issues.*



## Do you have the right tools when it comes to requirements management?

Does your requirements management process feel like this? Having trouble fleshing out the customer needs, convincing other stakeholders the requirement is "worthy" of being on the top ten list? Or are you ever uncertain where your little wish is once it reaches development?

We're taking a closer look at how requirements management tools are evolving to meet product managers' needs, and will share our findings in an upcoming article. If you've got an opinion or experience, let us know your thoughts.

What tools do you use?

- Microsoft® Excel, Word, other?
- biggest gripes and praises?
- how effective are they?

**Send an email to Rick Moy at [rick@sdpma.org](mailto:rick@sdpma.org)**

Rick is president of the San Diego Product Management Association. His firm, AppliMetrics, provides product management and marketing services to high-tech companies.



## Case Study: The Zip® Drive

The story of the Zip drive is an excellent example of how melding continual focus on customer needs and desires with a compelling product vision and the ability to quickly deliver a product as promised can produce a smash success.

Before the Zip drive, Iomega® was struggling, producing and selling only a few thousand Bernoulli drives every year. In 1994, then new CEO, Kim Edwards had a vision to create a removable storage drive that could hold up to 100mb of data and would cost \$200. He committed the company to making it a reality. Iomega hired an outside design and research company to test Edward's assumptions and gather information that would inform the design of the drive. Researchers observed people using floppy drives, conducted focus groups and surveyed thousands of users to determine if they were on the right path.

The researchers came back with a number of insights that drove the development of the drive. They indeed found that many users were looking for a personal storage format that would help them transfer larger files and backup their data. Most importantly, the research confirmed that consumers would snap up a 100mb drive that was priced at \$200.

The user research also pointed out opportunities to create a more usable product. It turned out that many users were scared that their floppies would disappear forever into their computer because they couldn't see their disks when they put them in their floppy drives. To address this fear, it was decided that the new drive would have a window. They also observed that men and women worked with disks differently, as many women with long fingernails

needed to cock their finger in order to grip the disk, so the new drive would have a notch to facilitate women with long fingernails. The research also revealed that most people considered the data on their drives to be "their stuff," so Iomega decided to market the drive as a place to stash your stuff, even shipping the drives with labels for media that read "Old Stuff," "Work Stuff," and other labels that allowed users to personalize their drive.

Armed with this information, the designers and engineers raced to quickly develop a prototype for the drive. The first prototype featured a top-loading door, inspired by those found on portable CD players. However, before committing the prototype design to production, the drive was tested with users to gauge their responses. Their response was surprisingly negative. Users felt the top-loading door was not only too flimsy to withstand the rigors of everyday use, but also would allow dust and other contaminants easy access to their precious data.

The designers and engineers went back to the drawing board, and the drive was redesigned to accommodate the now familiar front-loading door. The case was designed so that the drive could be oriented vertically or horizontally, and was made of a molded blue plastic that immediately gave the drive a more personal feel. Eleven months after the initial concept, the final version debuted at Comdex in 1995, and was met with rave reviews. With a six month lead over competing drives, the Zip drive was a runaway hit, selling one million drives its first year, elevating Iomega from a niche company making specialty storage products to a big player in the consumer electronics market.

the 10% figure represents just one study's perspective on user research budgeting, it does offer a sense of user testing priority in relation to the entire development budget.

## Getting buy-in

One of the biggest issues with user testing is getting it to happen in the first place. The twin pressures of time and money are usually the most commonly cited reasons for not conducting testing, especially in the current economic environment. However, as we saw in the first part of this series, user testing generally pays for itself both in time and in money by keeping the project team focused and identifying design issues as they come up, not to mention delivering a product more likely to be accepted by customers. There are numerous objective case studies that demonstrate that in the end, it is much more costly to rebuild a product that customers reject on the first go around than to take the time and money to get it right the first time. Presenting decision makers with real-world case studies and strong financial reasons to implement user testing provides the most compelling case.

It is crucial that the main decision makers on the project team and those managing the budget of the project team see the value of systematic user testing. Without management buy-in, it is not likely that users will be part of the development process and if some user testing is conducted, the feedback will not be valued.

## Do what you can on your own

Since user testing works best when it becomes a systematic part of the development process, it may make sense to develop the ability to conduct user testing in-house. There are many things teams and companies can do on their own to understand their customers. The first place to start is to maximize

the customer information that already exists within the company walls. Support calls, feature requests, sales force feedback and web logs can offer tremendous information about customers and how they relate to the product. When collated and parsed, these disparate pieces of information can yield important insights into customer needs and desires, and identify specific goals for the product team to address (i.e. reducing support calls around a specific feature or installation).

Beyond the information gathered from internal sources, it becomes necessary to solicit feedback from users in a more direct fashion. Using the information from internal sources, project teams can understand and segment the different kinds of users working with the product and make decisions about what kind of testing needs to be done. The kind of information sought determines the type of testing. Broadly, user testing breaks down in to qualitative testing, which focuses on understanding in-depth the experience of a small number of users, and quantitative, which seeks to understand market issues with a larger number of statistically representative users. Qualitative testing provides answers to questions regarding user experience. Qualitative techniques include usability testing, focus groups, one-on-one interviews and ethnographic research. Quantitative techniques focus on the development and analysis of surveys, and seek to answer questions about market size and opportunity.

There are several options for both qualitative and quantitative do-it-yourself user testing. For usability testing, you can set up a lab on-site where you can invite users to work with your product. If space is not available on-site, there are off-site usability labs that can be rented. Another option to consider is creating a panel of users, ideally representing

your target market, to quickly evaluate new features and test prototypes. Users can be incented with discounts on products, priority support or other kinds of compensation.

For quantitative testing, there are websites that allow you to set up your own surveys and email them to a list of users that you provide or to a sample provided by the site. The sites provide templates on which to build your own surveys. Visit Zoomerang at [www.zoomerang.com](http://www.zoomerang.com) to see an example of a do-it-yourself survey site.

While all of the above is possible to do in-house, it is unrealistic to expect good information from in-house user testing without undergoing at least some basic training on how to recruit the right users, conduct usability tests without asking leading questions, and accurately analyze test information. There are user research consultants who will train teams in usability testing techniques. Several local universities also offer extension courses on the topic of user testing (often they are coupled with interface design classes).

## Working with consultants

While there is a lot that you can do on your own, there is an art and a science to user testing. As with any skill, the experience and training of the people conducting the testing can have a big impact on the quality of the results. Using a professional usability consultant can dramatically improve the quality of the testing, as well as help get the most out of the resources available. Bringing in someone outside the company also provides a degree of objectivity that is simply impossible when doing testing internally. Many consultants will also manage the recruiting process—which can be time consuming and is extremely important in getting the right people to test. An outside hand can also lighten the load on the project team. In choosing a







user testing or usability consultant, it is important to look for a research background, especially if you are looking for help creating the test methodology. Organizations such as San Francisco Bay Area Computer Human Interface Group (BayCHI) and the Usability Professionals Association (UPA) can help you track down a usability consultant. Nearly as important as finding qualified consultants, is finding someone who you can work with, who integrates easily with the project team. Interview any potential candidates to understand how they work, and if their personal style gels with you and the team.

Rates for user testing vary by project and by vendor. Remember, however, that most vendors' price for a given round of testing is somewhat negotiable. You can work with the consultant to get the most for your money. For example, you can ask the vendor if they are willing to give less formal reports or test with the minimum number of users. Basically, it's best if you have in your mind what your ideal situation is and then find the consultant who will match you in terms of service and price.

## Believe your users

In the course of developing a product, the team and the company become immersed in the products inner workings. The product team and the company make assumptions based on this intimacy, and one of the most important things user testing does is to check these closely held assumptions with the people who will buy and use the product. Sometimes it can be an uncomfortable process, especially when user testing challenges those basic assumptions. As human beings, we generally find it hard to accept that customers do not see the product the same way we do. One of the toughest challenges with user testing is not rejecting user feedback when we disagree with the message. It is important that user feedback, especially when it challenges preconceived notions, be seriously considered. After all, at the end of the day, it is the customer who pays for the product and the salaries of all the people who build the product.

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## Helpful resources

### **IBM Ease of Use website:** **[www.ibm.com/easy](http://www.ibm.com/easy)**

This site features IBM's take on user-centered design. It features detailed information about implementing user-centered design, business case studies and interviews. The site is a great starting point with links to conferences, articles and books.

### **Nielson Norman Group Website** **[www.nngroup.com/](http://www.nngroup.com/)** **[www.useit.com](http://www.useit.com)**

These sites are the home of Jakob Nielsen and Donald Norman, who are considered two of the leading thought leaders in web, software and product usability. The sites contain articles and other reports pertaining to usability, and you can sign up for their Alertbox email newsletter. As thought leaders, their opinions are often on the mark, though sometimes controversial.

### **Good Experience Newsletter** **[www.goodexperience.com](http://www.goodexperience.com)**

This e-news newsletter chronicles usability and customer experience foibles and achievements in a light and lively style.

### **Usability Professionals Association (UPA)**

Another organization devoted to promoting usability techniques and concepts. For more information, go to the UPA website at [www.upassoc.org](http://www.upassoc.org).

### **Contextual Design**

Hugh Beyer and Karen Holtzblatt's enlightening book on their method of customer-centered product development.

# High-Tech Product Marketing Training

## Requirements That Work™

**Create Market Requirements Documents that get executed and deliver solutions your market wants**

### Course designed for:

Product managers who are responsible for defining and delivering high-tech products. Product managers get more from this course when trained simultaneously with their counterparts in Product Development.

### I. Defining Roles and Methodology

- Understand the source of conflict between Development and Marketing
- Define clear roles and responsibilities
- Introduce a product planning methodology

### II. Gathering Input

- Channels of input to product planning
- Organizing product ideas
- Quantifying market needs

### III. Building the Market Requirements Document

- Writing requirements
- Implementing use-case scenarios
- Programming for the "persona"
- Determining product feature sets
- Creating the Market Requirements Document (MRD)

### IV. Analyzing Business and Technology Drivers

- Reviewing specifications
- Prioritizing the product feature set

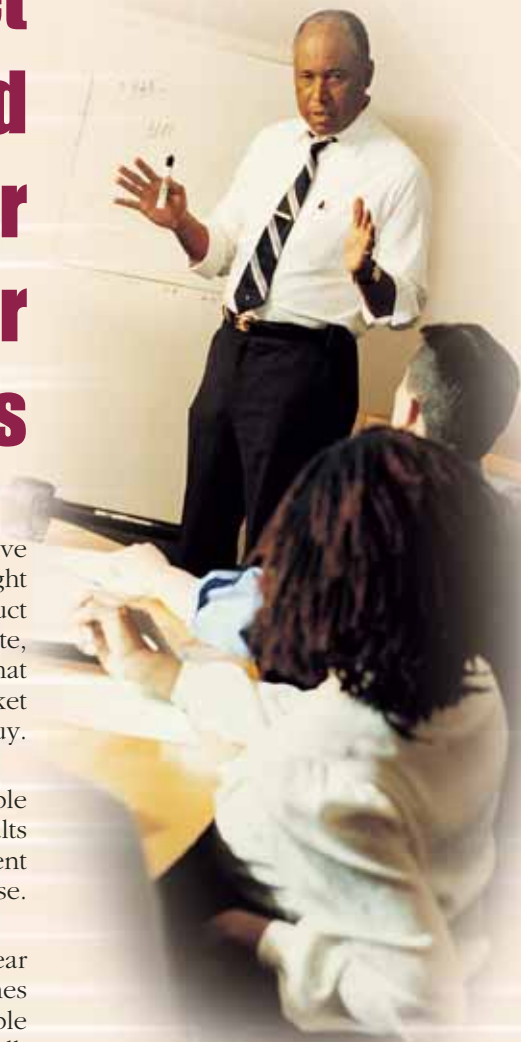
### V. Getting (and Keeping) Commitments

- Product contract
- Getting the product team in sync
- Getting executive support
- Communicating the plan in the company and in the market

Requirements That Work is an intensive one-day course that introduces a straight forward method for creating product plans that product managers can write, developers readily embrace, and that produce solutions the market wants to buy.

The seminar gives you a repeatable method for product planning that results in a Market Requirements Document that others can read and use.

This training establishes clear roles for team members, and teaches a process that creates an executable plan that delivers solutions that sell.



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## The gradual demise of corporate America

Many would argue that recent years have marked a significant downturn in corporate America. I would say that the problem has existed for years and only now are we really feeling the effects. Somehow we've lost touch with marketing fundamentals and moved directly to technical sales.

It was a brisk fall day as we left the hotel to go to our first Pragmatic Marketing® class. I remember pondering what might lie ahead. About two hours into the class, the instructor, Barbara Nelson, mentioned, "If high-tech product managers were selling fried chicken, they'd talk about dead chicken parts, fried in grease, at 400 degrees." She said, "Talk about what you do for people, not the technical features in your products." My colleagues were astonished. It was as if a light bulb had just gone on. Funny, I had been preaching this philosophy for more than a year, but few people had listened. Then again, I was not an instructor for a prominent school, just a product manager in the technology sector.

What I had noticed happened in the technology sector was now commonplace in most American corporations. The concept of marketing had been lost and instead replaced with technical sales. Now, more than ever I could see that the problem was a fundamental problem and could easily be fixed.

Having clarity of thought meant I could set about the task of identifying the differentiators between marketing and technical sales.

I'm not suggesting that you turn your current sales collateral into a hopped up drag racing commercial, but rather sweeten the message to your customers. Pretend that you're explaining your product/service to a friend in a non-

### Technical Sales

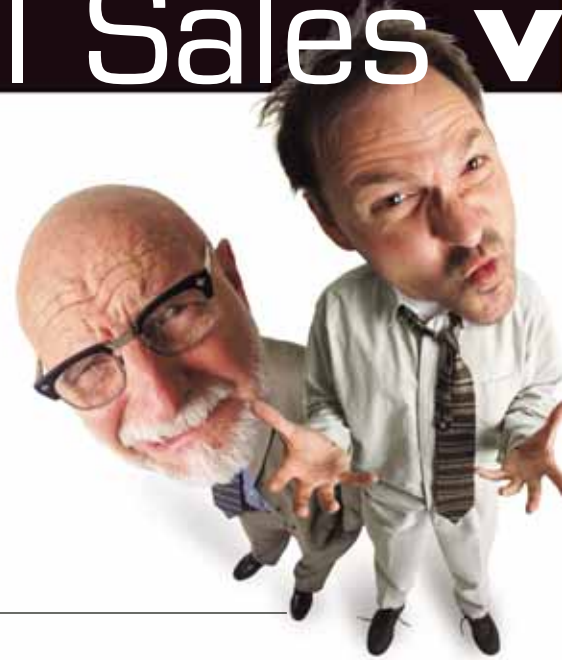
- Boring – used as a sleeping aid
- Extensive vocabulary – great reading for PhDs, confusing to the rest of us
- Acronyms – mean nothing to someone outside the industry
- Industry-specific jargon – more confusion, only using words instead of letters
- Discusses how the product operates, not the benefits to the customer
- Professes ease of use that often isn't there
- Does not solve any problems

related industry (such as healthcare). Would you use acronyms or jargon? How about operational details? Chances are you'd keep things conversational, explaining the value and benefits of the product/service.

Technical sales target the person installing the product or using the service, addressing issues such as capacity, performance and compatibility. Marketing targets the decision maker, demonstrating cost savings and benefits of the product.

### Simplicity is key

Most people know that a Storage Area Network (SAN) is basically a network of storage devices (hard drives, disk arrays, etc.) connected to a local area network. The SAN stores all of the data from different operating systems (Windows®, NetWare®, Unix/Linux®) in one area. Workstations on the network access data stored in the SAN as if it were stored on their computer. In large enterprise networks, SANs offer significant advantages because all corporate data, regardless of operating system, can be managed and backed up from a central point. According to Gartner, the implementation cost of the average SAN is about one million dollars. Here's a product description from a prominent Storage Area Network (SAN) vendor. I've changed the details, but not the wording:



Blanko's SAN 2150 Multilayer Master Switch provides 16 to 256 ports, with 1.8 Gigabit per second performance and a high-availability design. It offers 6 to 36 Gigabit Ethernet ports for iSCSI or FCIP connectivity. It includes Virtual SAN (VSAN) capability for SAN consolidation into virtual SAN 'islands' on a single physical fabric. It provides comprehensive security for large enterprise SANs deployment. The Master Switch uses intelligent networking services to help simplify SAN management and reduce total cost of ownership.

That example reads just like a classic technical sales piece. Who is the target audience? Is it the IT Manager, CEO, CFO, CIO, or EIEIO (old MacDonald)?

Given the information above, here's an idea of how you might begin the same product description using understandable language:

In today's economy, preserving IT investments and reducing the total cost of ownership are of paramount importance. Blanko's SAN 2150 provides the perfect blend of top performance and expandability....

Blanko's SAN 2150 offers a host of features without compromising performance or security....



# s. Marketing



The goal is to give the audience a reason to keep reading. Capture their attention, and keep it. Simplicity is the key!

Here's another example:

Problem: Customer runs out of hard disk space.

Solution: Marketing Slogan. "Never Run Out of Disk Space Again!"

It's that easy! The hardest part is to not over think things.

Visit your corporate website and read a product or service description. Is the first sentence captivating? Does it motivate you to read on? Is the writing style relaxed and friendly? After reading a short description could you explain this product/service to a teenager? Have someone else (outside of your office) read the description and explain the product/service back to you. Do you understand how this product fixes a problem you have? Do you want to know more? Or, have you just lapsed into a coma? Remember, there's no penalty for making something too easy to understand.

## Marketing

- Simple – easy, obvious
- Friendly – fun, relaxed
- Enthusiastic – exciting, interesting

## Tips for improving marketing descriptions

- Write in a relaxed, quiet environment (outside the office).
- Jot down the general points you want to cover.
- Don't use a computer. Use a pen and paper (this is difficult).
- Don't worry about grammar, punctuation or proper writing (fix it later).
- Write your description as if you were explaining it to a friend.
- On your first attempt don't use any diagrams or pictures.
- When you're done, write a very concise summary, and then move it to your second sentence.
- Write an attention grabber, think bold and even unusual. Example – Imagine never having to worry about your \_\_\_\_\_ again.

Rest assured that anyone can write great marketing copy if they break things down to simple steps.

At times, creative writing can be difficult even for the most experienced writers. Some years ago, I learned a technique called "mind mapping" or "clustering" that simplifies the task. Just follow these steps:

1. Start with a blank piece of unlined paper.
2. Write your product, service or topic in the center of the paper.
3. Circle it – stimulates the creative half of the brain.

4. Write down anything that comes to mind. Don't be afraid to write down items that are not very related, they could come in handy later. The goal here is to get everything out of your head and on to the paper.

5. Circle it.

6. If two items are related, draw a line connecting them.

7. When you're done, you should have something that looks like a complex molecule, but with words inside each circle. Review the words and number them to create an outline.

8. Cross off the ones you don't want.

9. Need more material? Just copy one of the circles (topics) to another piece of paper and repeat the process.

I strongly recommend that you practice this technique with something simple to start. Write a letter to a friend, make a list of things to do around the house, but don't try this for the first time on your Master's thesis. If you commit to practicing this style of writing at least three times you'll never go back to old school writing again.

Put what I've said to the test. Pick a flyer, brochure, presentation or advertisement that has a measurable response. Make it Simpler, Friendlier and more Enthusiastic. Then measure the results again. I'll bet they are 30% higher, and at nearly no cost. Good Luck and Happy Hunting!

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*Rick Tatham is a former Product Manager/Product Marketing Manager for Legato Systems, Inc., a company that recently sold for \$1.3 billion. He*

*is dedicated to ensuring that Marketing remains "Simple, Friendly and Enthusiastic." If you enjoyed this article, please send him an email at [rickt@boatfun.com](mailto:rickt@boatfun.com)*

## The Art of Profitability

*By Adrian Slywotsky*

In 23 chapters, Mr. Slywotsky engages the reader with a storytelling style and outlines 23 profit models for business. He challenges the reader to read only one chapter a week to allow time to reflect before moving to the next chapter. (I read the book in two hours—I couldn't wait.)

One of the key messages of the book is "The pathway to profitability? It lies in fully understanding the customer." You won't find a quick fix to profit woes in this book if you are not willing to invest in what happens outside the walls of your company, but if you are struggling with how to make a good product more profitable, this book might provide some inspiration on how to achieve better results. The wise, seasoned guru teaches the eager, young

student lessons about business in an entertaining (although sometimes trite) fashion. He gives the student homework and reading assignments each week (a bit of self-promotion since some of the books and articles were written by the author). There are many practical tips to help you maximize your profits.

## Voices into Choices

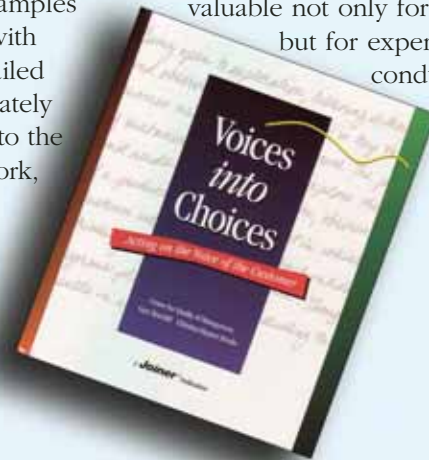
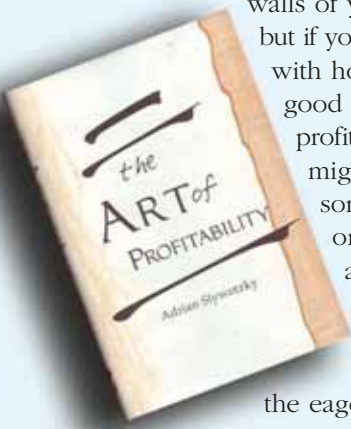
*By Gary Burchill and Christina Hepner Brodie*

"Voices into Choices" is a practical guide that teaches you specific techniques to listen to your customers and turn what you learn into solutions to their problems. The easy-to-follow format is full of case study examples at every step in the process, with checklists, templates, and detailed processes that make it immediately actionable. It dovetails well into the Pragmatic Marketing® Framework, providing practical advice for listening to the market.

The techniques apply to new or existing products or services. It is written in

a step-by-step cookbook style, but even if you don't follow the formal process, there are numerous gems throughout the book that you can use right away. Not only is the book full of examples and exercises to help you prepare to do on-site research, the format of the book itself is practical. It is hardbound with a spiral binding inside—when open, the book lies flat so you can actually use the checklists.

At first glance, the 20-step FOCUS process seems daunting. But Burchill and Brodie have broken it down into manageable segments that are well laid out and easy to follow. At times, some of the instruction seems too basic (reminding you to bring paper and pen to take notes), but the book is valuable not only for the novice, but for experts who have conducted on-site interviews for years.



# The Strategic Role of Product Management

**Free  
seminar!**

This seminar is open to anyone currently employed in high-tech marketing, including senior management, product marketing managers, and product managers.

There is no fee to attend, but registration is required via our website.

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- As a high-tech executive, are you unclear about the strategic role of product management?
- Does the role of product manager in your company need to be defined to the CEO so support can be given to strategic activities?
- As a product manager, do you strive to lead the organization rather than react to it?

This half-day session is a subset of the Practical Product Management™ seminar and introduces the industry standard for high-tech marketing, the Pragmatic Marketing Framework. Refined over ten years and implemented by hundreds of technology companies, this framework shows how Product Management and Marketing personnel can move from tactical activities to quantifiable, strategic actions that deliver tremendous value to the company. This session includes immediate actionable ideas about how to best establish the role of Product Marketing/Management and define market-driven products that make customers want to buy.

**[www.PragmaticMarketing.com](http://www.PragmaticMarketing.com)**

*Seats are limited, so early registration is recommended. See available dates on back cover.*

# Case Study

**kinderstreet®**

## Start-up Software Company Learns to Listen, Listens to Learn

Take a look behind the scenes at any after-school program or childcare center and you'll discover a lot more than crayons and storybooks. You'll find reams of paperwork and administrators who spend countless hours communicating with parents and generating reports for regulators. Kinderstreet Corporation is changing all that. Launched in 2000 by six founders who are passionate about making a positive impact on young lives, Kinderstreet is ensuring that childcare providers and parents can focus on education and child development—not on processing paperwork.

Before embarking on its mission to help its customers improve their learning processes, the Kinderstreet founders knew that they themselves had a lot to learn. Scott Lindsay, who heads up operations for Kinderstreet and is a company founder, explains, "When we started the company, we had a strong concept of the type of product we wanted to build. But we also decided that Kinderstreet would be a company founded on customer focus and customer care. So we funded an eight-month research period, where we did absolutely no product development. Our goal was to study childcare and after-school programs in extreme detail. By becoming intimate with every iota of our customers' practices and their needs, we hoped to find unique solutions to their challenges."

Toward that end, the founders went out and talked to nearly two percent of their target market to get feedback on their concepts. "Initially we were going to produce a record management system to keep track of families and do billing. But when we polled the leading people in the market, we realized there was a vast, untapped opportunity. Our

research showed that the majority of the administrator's time was spent talking with parents and regulators. So we expanded our product vision to include communication tools in the initial product launch—a system that would get mom and dad more involved in their children's activities. One that automatically gives the government all the information it needs—and all in a way that saves time for providers."

### A Pragmatic approach— from the ground up

Lindsay learned the importance of listening to your market from the many years he's been practicing the Pragmatic Marketing® approach to product management. In fact, he likes to say that he practically grew up on Pragmatic Marketing's strategic product management methodology. "I started out as a developer, spent time in sales and implementation, and then went into product management in the mid-90s. I came out of the field and straight into my first Pragmatic Marketing training. A few years later, when I moved to Solomon Software (now Microsoft Business Solutions), I brought the Pragmatic grid along with me to manage products there."

He adds, "Now, the Pragmatic grid is the fundamental way I manage all of the product marketing tasks that need to be done—filling out the grid and identifying who in the organization is going to do those things. When we launched Kinderstreet, we started with that grid as the model of the things we needed to do from a product perspective—especially listening to our market. If the Pragmatic structure and influence hadn't been there, we would not have justified that amount of research, and we would have missed a critical market opportunity."

Based on the new product vision, the Kinderstreet team spent another eight or nine months to build the solution and deploy it to a select group of commercial customers. The objective was to test the complete service delivery system, not simply launch the product. The result of the exhaustive research, development, and testing is Kinderstreet: a suite of innovative Internet applications that streamline administration, simplify billing, eliminate state licensing paperwork, and keep family members informed 24/7.

### Mastering the chaos and the competition

Of the six Kinderstreet founders, all were "product-type" people, but only Lindsay had gone through the Pragmatic Marketing courses. "All of us have worked for companies that built custom products or know the lifecycle of software products," he remarks. "But I was the one who provided a work-structured task list for developing and





# Case Study

managing the product vision. That's what Pragmatic Marketing did for us from day one—it filtered out the typical chaos into a structure of everything we had to deal with, from the strategic issues down to the tactical tasks. The Pragmatic methodology really opens the minds of product managers and empowers them to get their jobs done in a way that will help the organization succeed—much better than everybody playing cowboy and running in their own direction.”

Having a market-focused methodology in place from the beginning not only helped Kinderstreet master the chaos, it also helped the company master the competition. “The deep market research we did definitely gave us a leg up on the competition,” Lindsay emphasizes. “It’s a fragmented market, and the players in this space are not Internet based. The majority of the tools have focused more on accounting and back-end business applications than on communications. We made a strategic decision early on, to specialize in communications solutions and partner with others for accounting tools. That means we spent our resources on a truly unique value proposition—one that differentiates us from the competition and puts up barriers to entry to our space.”

When a start-up company starts talking about a proven methodology for product development and a focus that sets it apart from the pack, investors tend to stand up and take notice, as well. “When you approach investors to get capital to start a company, they like to hear that there is a structure underneath the product that makes them feel comfortable with giving you their money. While that’s not the only thing that got us start-up capital, I do think the Pragmatic approach was an integral part of that success. Our investors could see that we are a professional development organization, using a

methodology that produces results. That makes a positive impression.”

## Know your customers

Customer intimacy has now become a way of life at Kinderstreet, along with the company’s commitment to service and ongoing product enhancements. Not one to rest on its laurels, the company continues to seek new ways to improve the care and education of the nations’ youth. As part of its first salvo into market research, Kinderstreet lined up a product advisory board comprising some 50 different companies. The team continues to listen to the market and test products and features with focus groups geared to obtain feedback during the building cycle.

“The most valuable thing I’ve learned over the years from the Pragmatic course is to know and talk to your prospective customers,” says Lindsay. “As soon as you understand what they are saying, you can build a value proposition. And that permeates every level of your company—from sales to development to marketing to services. From a development standpoint, the methodology helps us prioritize what the next tasks are on the production list and ensure we are always tied back to the strategic vision of what we want to provide to the market.”

The results speak for themselves. “Our first customer satisfaction rating was in the high 90s,” he emphasizes. “That success is 100 percent driven by the fact that the Pragmatic grid helps us recognize how to fully serve our customer—not just what features are in the product. That’s what we all refer to as a whole product.”

## A small company thinks big

Today, you can still count the number of Kinderstreet employees on two hands. But while the company is small

and growing, there is no shortage of big thinking, especially when it comes to product management.

“Because we are a market-driven company with a proven methodology for listening to customers and managing our organization, we believe we are positioned to lead our niche—and dominate it in the coming years,” Lindsay emphasizes. “The power of the Pragmatic approach works as well for a start-up as for a behemoth. I’ve implemented the Practical Product Management™ course at very large companies and now a very small company. In both cases, it has helped me plan where to spend my time to achieve maximum return on investment. In a start-up company, with investors watching very carefully, that ROI question is right up front. And the Pragmatic Marketing methodology helps you answer that question definitively. I would actually say it’s almost more essential for smaller companies.”

When asked about advice for other small companies trying to come to grips with professional product management, Lindsay says, “If you look at product management and you can’t figure out how that organization should work, Pragmatic is the place to go. It provides you with the structure. It helps you make the decisions about where product management should fit and how it should work in your organization. And it also helps you give responsibility to those people who need authority over certain areas. The Pragmatic Marketing methodology is an essential part of getting rid of the chaos and the floundering that so many organizations experience. Over the years, the Pragmatic process gets ingrained in you, and it just makes sense. I consider Pragmatic Marketing to be the professional product management company.”



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*To feature the product management success at your company, contact [editor@productmarketing.com](mailto:editor@productmarketing.com)*

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- The Effective Marketing Programs Process
- Role definitions & skills assessment

### II. Buyer Personas

- Positioning by type of buyer
- Creating buyer personas
- The sales channel persona

### III. The Strategic Programs Plan

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- Supporting sales goals
- Metrics that engender management support
- Building the right marketing budget

### IV. High ROI Sales Tools

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- How to generate success stories
- Real thought leadership in whitepapers
- Building a strategic website

### V. Goal-Oriented Program Execution

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- When to use online marketing
- Measure results without CRM
- Program priorities for each goal

### VI. Start Where You Are

- Prioritizing next steps
- Start with existing programs
- Setting measurable goals



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 March 15 - 17\* .....Boston, MA  
 March 22 - 24\* .....Toronto, Ontario  
 March 29 - 31\* .....San Francisco, CA  
 April 19 - 21\* .....Boston, MA  
 April 26 - 28\* .....San Francisco, CA  
 May 17 - 19\* .....Boston, MA  
 May 24 - 26\* .....San Francisco, CA  
 June 14 - 16\* .....Boston, MA  
 June 21 - 23\* .....San Francisco, CA  
 June 28 - 30\* .....Atlanta, GA

\* Requirements That Work, Day 3

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 March 24 .....Toronto, Ontario  
 March 31 .....San Francisco, CA  
 April 21 .....Boston, MA  
 April 28 .....San Francisco, CA  
 May 19 .....Boston, MA  
 May 26 .....San Francisco, CA  
 June 16 .....Boston, MA  
 June 23 .....San Francisco, CA  
 June 30 .....Atlanta, GA

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## March

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## April

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## June

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